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State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

May 16, 2008

David Nicolson
Nicolson Construction, Inc.
P.O. Box 946
Orem, UT 84059

Subject: Review of Notice of Intention to Commence Large Mining Operations, Nicolson Construction, Inc., Gold Buckle Mine, M/051/008, Sanpete County, Utah

Dear Mr. Nicolson:

The Division has completed our review of your draft Notice of Intention to Commence Large Mining Operations for the mine, received May 1, 2008. The attached comments will need to be addressed before tentative approval may be granted.

The comments are listed below under the applicable Minerals Rule heading. Send replacement pages of the original notice **using redline and strikeout text** and indicate how these are to be incorporated into the current approved plan using Form-MR-REV-att found on the Divisions web page. After the notice is determined technically complete you will be asked to send us two final clean copies, one will be returned stamped approved.

The Division requests that submittals are made according to the following format. Notices and changes should be three hole punched, maps folded and placed in a plastic 8 ½ by 11 sleeve, and binders provided for new notices, revisions, applications, or other changes of 30 pages or more (binders need only be provided once). An additional electronic copy is appreciated. You may request some proprietary information relating to the location, size, and nature of the mineral deposit to be kept confidential. Confidential information must be clearly marked and provided in a separate binder.

If you have any questions in this regard please contact me at (801)538-5258 or Lynn Kunzler at 538-5310. In reply, please refer to file M/039/0026. Thank you for your cooperation in completing this permitting action.

Sincerely,

Susan M. White
Mining Program Coordinator
Minerals Regulatory Program

SMW:lk:pb

Task ID # 2378

Attachment: Review, Form MR-REV-att

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REVIEW OF NOTICE OF INTENTION TO COMMENCE LARGE MINING OPERATIONS

**Nicolson Construction, Inc.
Gold Buckle Mine**

M/039/0026
May 16, 2008

R647-4-104 – Operator, Surface and Mineral Owner(s)

Please provide your business registration number.

Please provide the name, address, phone number for your registered agent.

R647-4-105 - Maps, Drawings & Photographs

- 105.1 Topographic base map, boundaries, pre-act disturbance
Maps need a legend (description), Location (township, range, section, 1/4 section), a north arrow, and scale (map B has a scale). Maps need to show the boundaries of the proposed mine site.

- 105.2 Surface facilities map
Page 5 of the NOI the top paragraph (a) is marked N/A, yet you have provided a drawing (unlabeled) that shows how you intend to salvage and stockpile topsoil for reclamation. This section should refer to this drawing, and the drawing needs to be labeled.

Map B shows the 80-acre site divided into 5-acre parcels. Please explain the mine sequencing for advancing your operations (assuming mining will progress from 'A' to 'P', at what point in the mining sequence will you move from 'A' to 'B' – etc. What is the estimated time, given the proposed annual estimate of material to be removed, will it take to mine out each block?

- 105.3 Drawings or Cross Sections (slopes, roads, pads, etc.)
In addition to the drawing referenced above (planar view), please provide cross sections (with appropriate scale) which identify the depth and width of excavation, and the height and width (average) of the topsoil berm and the approximate amount of area in each phase of the operation (clearing surface rock, stockpiling topsoil, excavated area, regraded area, final reclamation.

R647-4-106 - Operation Plan

- 106.3 Estimated acreages disturbed, reclaimed, annually.
Please provide an estimate of the acreage that will be disturbed and reclaimed each year.

R647-4-109 - Impact Assessment

The State Historic Preservation Office (SHPO) has provided the following comments regarding cultural and historic values and impacts:

- The proposed development will potentially impact cultural and historic resources listed or eligible for listing on the State or National Historic Registers. A cultural resource, the Sect Ditch, is located in the project area itself and the general topographic setting has a moderate probability for cultural resources. Our evaluation is that probable impacts to cultural resources are high.
- The MOA stipulates that in these cases we provide: "needs of survey and mitigation plans to adequately mitigate the probable impacts upon cultural resources within the area of the operator's mining and reclamation plan."
- We recommend that a file search to evaluate the Sect Ditch's eligibility to the NRHP is needed. We recommend that a cultural resource survey be conducted of the remainder of the project area. Based on these surveys it should be possible to evaluate the probable impacts and develop adequate mitigation.

The location of the sect ditch appears to be within block N. It is suggested that activity in this area be curtailed until eligibility for listing and/or mitigation is completed. It is recommended that a cultural resource consultant be retained to address SHPO's comments.

R647-4-110 - Reclamation Plan

Please provide more detail in the reclamation plan. For example, what is the estimated volume of volume of soil materials to be moved to regrade the sites? How will seedbed preparation be completed? What is the estimated acreage that will receive compost? If 80 acres will be mine, why is the reclamation plan for only 75 acres? With a cross fence to keep grazing off the reclaimed areas for two seasons, what is the estimated overall length of the fence needed?

R647-4-113 - Surety

The reclamation cost estimate provided in the notice includes only revegetation costs. The estimate needs to include the total cost for reclaiming the entire site. The attached surety estimate is based on current third-party costs (which the Division must use for cost estimation) and the acreage and volume figures provided in your plan.

Rather than bonding the entire 80 acres, a phased bonding approach may be taken. This will require you to identify the estimated acreage that will be disturbed and bonded for at any one time. Before you would be permitted to advance beyond the identified area, you would need to provide a replacement map for your NOI, which would identify what areas have been reclaimed (and/or partially reclaimed – such as regraded but not seeded) and the additional area that will be mined for the next phase of mining. The attached cost estimate assumes that the entire area will be bonded.